

LINE OF BUSINESS: Homeowners

LINE(S) OF INSURANCE

CODES

Code: 4.0000

Condos  
Owner Occupied  
Tenants

4.0001  
4.0003  
4.0004

IF CHECKLIST IS NOT APPLICABLE, PLEASE EXPLAIN:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>			
COPIES, RETURN ENVELOPES, ETC.	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	
EFFECTIVE DATE WORDING	<b>MCLA 500.2108(1)</b>	The filing shall be on file for a waiting period of 15 days before it becomes effective, which period may be extended by the commissioner for 1 additional period not to exceed 15 days if the commissioner gives written notice within the waiting period to the insurer or rating organization which made the filing that her or she needs additional time for consideration of the filing.	
	<b>MCLA 500.2236</b>	Failure of the commissioner to act within 30 days after submittal constitutes approval.	

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FILING SUBMISSION	<a href="#">MCLA 500.2119(6)</a> <a href="#">MCLA 500.2117</a> ; <a href="#">Bulletin 80-17</a>	Underwriting rules must be filed. These include written statements, guidelines or criteria of an insure, which describe the standards under which the insurer issues, refuse to issue, renews, refuses to renew of limits coverage. Section 2117 contains the only underwriting criteria permissible in Michigan.	
LIMITATIONS/RESTRICTIONS ON TRANACTING BUSINESS	<a href="#">MCLA 500.640</a>	An insurer transacting business in this state shall not expose itself to any loss on any 1 risk or hazard in an amount exceeding 10% of its paid-up capital and surplus. However, no portion of a risk or hazard that has been reinsured in an insurer licensed to do insurance business in this state shall be included in determining the limitation of risk prescribed in this section.	
Line of Authority	<a href="#">MCLA 500.402</a>	No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code.	
NO FILE OR FILING EXEMPTIONS	<a href="#">Bulletin 97-03</a>	Only rating organizations should file forms. Insurers must maintain a list of exempt forms.	
THIRD PARTY FILERS AUTHORITY	<a href="#">MCLA 500.2108(2)</a>	An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 which makes those filings, and by filing with the commissioner a copy of its authorization of the rating organization to make those filings on its behalf.	
	<a href="#">Procedures Manual for Non-SERFF Filings</a>	General authority to third party must be granted with a letter from insurance company.	
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>			

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<b>FORMS—POLICY PROVISIONS</b>			
AMBIGUOUS & MISLEADING	<a href="#">MCLA 500.2236(5)</a>	Upon written notice to the insurer, the commissioner may disapprove, withdraw approval or prohibit the issuance, advertising or delivery of any form to any person in this state if it violates any provisions of this act, or contains inconsistent, ambiguous or misleading clauses, or contains exceptions and conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.	
		An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact causes a misrepresentation.	
BANKRUPTCY PROVISIONS	<a href="#">MCLA 500.3004</a>	No policy shall be issued unless it contains provisions as required in section 3006.	
	<a href="#">MCLA 500.3006</a>	Insolvency or bankruptcy of the insured shall not release the insurer from payment of damages	
CANCELLATION & NON-RENEWAL			
Calculation of Unearned/Return Premium	<a href="#">MCLA 500.2833(1)(i)</a> <a href="#">MCLA 500.3020</a>	Pro rata	
Minimum Retained Premium	<a href="#">MCLA 500.3020</a>	Not less than \$25 or the pro-rata premium for the expired time, whichever is greater.	
Notice of Cancellation/Non-renewal	<a href="#">MCLA 500.2920</a>	All insurers are required to follow Michigan Basic Property Insurance Association plan of operation. Plan of operation requires 30 days notice except in cases of incendiarism, non-payment of premium, or fraud.	

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Permissible Reasons for Cancellation/Non-renewal	<a href="#">MCLA 500.3020</a>	Cancellation will be without prejudice to any claim originating before the cancellation.	
Return Premium	<a href="#">MCLA 500.3020</a>		
<b>FORMS—POLICY PROVISIONS</b>			
CONSUMER INFORMATION			
Credit Scoring Notice	<a href="#">Bulletin 2003-01-INS</a> <a href="#">Bulletin 2003-02-INS</a>	Companies using insurance credit scoring must annually inform their homeowners policyholders or applicants of the credit score used to apply an insurance credit scoring discount, and the discount tier in which the insured or applicant is placed	
DISCRIMINATION	<a href="#">MCLA 500.2027</a>	It is unfair and deceptive to refuse to insure, or refuse to continue to insure, or limit the amount of coverage available to an individual or risk because of race, color, creed, marital status, sex, or national origin, residence, age, disability, or lawful occupation of the individual, or location of the risk, unless there is a reasonable relationship established between the classification and the extent of the risk.	
<b>FORMS—POLICY PROVISIONS</b>			
GROUP POLICIES	<a href="#">MCLA 500.2105(2)</a>	Must file rules which provide coverage to members of legitimate groups who are “eligible persons” pursuant to MCLA 500.2103(2-3).	
NOTICE REQUIREMENTS	<a href="#">MCLA 500.3004</a>	No policy shall be issued unless it contains provisions as required in section 3008.	

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	<a href="#">MCLA 500.3008</a>	There shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer shall be deemed to be notice to the insurer; also a provision that failure to give any notice required to be given by such policy within the time specified shall not invalidate any claim made if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.	
Payment of Loss Time Period	<a href="#">MCLA 500.2006(3)</a>	Any part of the remainder of the claim that is later supported by proof of loss shall be considered paid on a timely basis if paid within 60 days after receipt of the proof of loss by the insurer.	
<b>FORMS—POLICY PROVISIONS</b>			
READABILITY	<a href="#">MCLA 500.2236(3)</a>	Not less than 8 point type. Readability score may not be less than 45.	
FILE & USE	<a href="#">MCLA 500.2108</a>	On the effective date thereof, each insurer shall file with the commissioner every manual of classification, every manual of rules and rates, every rating plan, and every modification of a manual of classification, manual of rules and rates, or a rating plan which it proposes to use. Each filing shall be accompanied by a certification by or on behalf of the insurer that, to the best of its information and belief, the filing conforms to the requirements of this chapter. Each filing shall include information that supports the filing with respect to ratemaking standards.	
Individual Risk Rating	<a href="#">Procedures Manual for Non-SERFF Filings</a>	Mandatory for excess rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders).	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			

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ACTUARIAL CERTIFICATIONS FOR RATES	<a href="#">Bulletin 2003-01-INS</a> <a href="#">Bulletin 2003-02-INS</a>	Companies using an insurance credit score discount must annually file with OFIS an actuarial certification justifying the discount levels and discount tiers offered by the company.	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			
CREDIT SCORING AND REPORTS	<a href="#">Bulletin 2003-01-INS</a> <a href="#">Bulletin 2003-02-INS</a>	Any company using an insurance credit-scoring discount must file with OFIS the formula and classification factors used to apply the discount.	
DISCOUNTS	<a href="#">MCLA 500.2110a</a>	This section of the Code allows for additional classifications (2111) for uniformly applied discounts.	
PRICING	<a href="#">MCLA 500.2109</a>	Rates shall not be excessive, inadequate, or unfairly discriminatory.	
Premiums	<a href="#">Administrative Rules R 500.1503</a>	For the purposes of section 2109(1)(a) of the code, a rate is unreasonably high for the insurance coverage provided if it is unreasonably high in relation to anticipated losses or expenses, or both, or to the uncertainty of loss for the insurance coverage provided.	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			

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RATE RANGES	<a href="#">R 500.1505</a>	A reasonable classification system is a system designed to group individuals or risks with similar characteristics into rating classifications which are likely to identify significant differences in mean anticipated losses or expenses, or both, between the groups, as determined by sound actuarial principles and by actual and credible loss and expense statistics or, in the case of new coverages or classifications, by reasonably anticipated loss and expense experience.	
RATING PLAN REQUIREMENTS			
Expense Modification Plan	<a href="#">R 500.1506</a>	The expense portion of a rate shall, with regard to each category of expense, be examined and evaluated independently of the loss portion of the rate. Expenses shall not be presumed to change by the same percentage as losses are anticipated to change.	
Competition	<a href="#">MCLA 500.2109</a>	A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist with respect to the classification, kind, or type of risks to which the rate is applicable.	
Expenses	<a href="#">R 500.1505</a>	A rate is not unfairly discriminatory because it reflects differences in anticipated expenses for classifications of risks with similar anticipated losses or because it reflects differences in anticipated losses for classifications of risks with similar anticipated expenses.	
Experience	<a href="#">R 500.1505</a>	That data used in developing classifications and rates are derived from the experience of a population or sample of risks that is sufficiently similar to the anticipated insured population.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
SUPPORTING DATA	<a href="#">MCLA 500.2109</a>	A rate is reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss for the individuals or risks to which the rates apply. A reasonable justification shall be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics	